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15 Global Firms Hit by Russia's Law Limiting Foreign Ownership of Media

By The Moscow Times

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All three owners of respected business daily Vedomosti fall foul of Russia's new law curbing foreign ownership of media.

Russia's law limiting foreign ownership of media in Russia to 20 percent will overturn the country's media scene.

Foreign companies have been at the forefront of developing media in Russia since the early 1990s. They own stakes in hundreds of newspapers, magazines and television stations.

Under the law passed by Russia's parliament on Friday, they will be forced to sell part or all of their holdings by 2017.

See also: Curbs on Foreign Ownership Will Gut Russia's Media

The Moscow Times examined who owns what on Russia's media landscape to show the scale of the market reshuffle coming down the line.

Newspapers and Magazines

Sanoma (Finland)

Publishes: Vedomosti, The Moscow Times, The St. Petersburg Times.

Cosmopolitan, Harper's Bazaar, Harvard Business Review Russia, Men's Health, National Geographic Russia, Robb Report Russia, Popular Mechanics Russia.

Finnish media company Sanoma in 2005 bought Independent Media — Russia's first independent publishing house, founded in 1992 by Dutch media entrepreneur Derk Sauer. Today, Sanoma Independent Media, or SIM, is one of the largest foreign-owned media holdings in Russia and operates several publishing houses.

Its largest source of revenue is Fashion Press, which is owned equally by SIM and American media group Hearst. Fashion Press is the local publisher of Cosmopolitan, Esquire, Harper's Bazaar and others.

SIM owns one-third of Vedomosti, one of Russia's most respected business dailies, and 100 percent of The Moscow Times and The St. Petersburg Times.

Vedomosti is considered by many to be one of the main targets of Russia's foreign media ownership law.

Last year Sanoma announced it would sell its Russian assets to reduce its debt levels. Potential buyers submitted their bids this summer to Citibank, which is managing the sale. According to media reports, some of the bidders are foreign entities. The new law is likely to complicate the sale.

News Corp (U.S.)

Publishes: Vedomosti

Rupert Murdoch's News Corp. owns one-third of Vedomosti via Dow Jones, publisher of The Wall Street Journal.

News Corp. entered the Russian market in 1999, the year that Vedomosti was launched. Its other major project was outdoor advertising operator News Outdoor Russia. News Corp. sold the billboard company off in 2011, when it was the largest advertising operator in Russia, to a buyout consortium led by state-owned bank VTB for a reported sum of $270 million.

In an interview with The Financial Times in 2008, Murdoch said News Corp. should get rid of the advertising asset before it would be "stolen" as the investment climate appeared to worsen.

Pearson (Britain)

Publishes: Vedomosti

A London-based multinational publisher and education company, Pearson owns the final 33 percent share in Vedomosti through FT Group — the publisher of Britain's Financial Times. FT Group has held its stake in Vedomosti since 1999.

Hearst Corporation (U.S.)

Publishes:

Through Hearst Shkulev Media: Elle, Maxim, Marie Claire, Psychologies, Elle Girl, Elle Decoration, Счастливые Родители, Departures.

Through Fashion Press: Cosmopolitan, Harper's Bazaar, Harvard Business Review Russia, Men's Health, National Geographic Russia, Robb Report Russia, Popular Mechanics Russia.

Hearst owns 50 percent stakes in two large magazine publishers, Hearst Shkulev Media, with Russian publisher Viktor Shkulev, and United Press, with Finnish Sanoma.

In 2012, Hearst Shkulev's digital media arm began expanding into regional media markets, launching regional Internet portals in Ekaterinburg, Nizhny Novgorod, Samara, Perm, Sochi and Novokuznetsk.

Axel Springer (Germany)

Publishes: Forbes Russia, OK! Magazine, Gala Biography, GEO, GEO Traveller, GEOlenok, and Finanz.ru.

Berlin-based Alex Springer is one of Europe's largest media companies. Through its subsidiary, Axel Springer Russia, the company owns Forbes Russia — though the trademark is retained by Forbes.

Forbes Russia was founded in 2004. Its original editor-in-chief, Paul Klebnikov, was murdered by unidentified assassins in July of that year after the magazine published its list of Russia's 100 wealthiest individuals in its fourth issue. Many suspected that Russian oligarch Boris Berezovsky was behind the killing, but Russian investigators have famously been unable to find any details on Klebnikov's murder.

Alongside Vedomosti, Forbes Russia is considered to be one of the main targets of Russia's foreign media ownership law.

Conde Nast (U.S.)

Publishes: Vogue, GQ, Glamour, architecture magazine AD, Tatler, Conde Nast Traveller and Allure.

U.S. media company Conde Nast arrived in Russia in 1998 with its launch of Vogue Russia. Since then, it has expanded its portfolio to include six additional monthly magazines. It also publishes two biannual publications, GQ Style and Brides.

Burda (Germany)

Publishes: Playboy, among others.

The Burda publishing house was established in 1995 by Germany's Hubert Burda Media. It is Russia's largest publisher, with an overall audience of 17.8 million, news agency RBC said, citing market monitors TNS Russia.

The company is part of Burda Eastern Europe, which runs publishing houses in Russia, Ukraine, Kazakhstan, the Czech Republic, Poland and Romania.

Burda magazine, the publishing house's flagship publication, has been in Russia in 1987. Today, Burda publishes more than 80 periodicals and 60 special publications, including Playboy Russia, according to the company's website.

Bauer Media (Germany)

Publishes: Various

A subsidiary of the German Bauer Media Group, Bauer Media Russia was founded in 1994 and today the holding produces over 70 publications in Russia and claims a readership of more than 21 million Russians.

Television

Though most major television assets — the primary means through which Russians get their information — are already owned by the state, at least one major asset will face a shakeup with the new law.

CTC Media and Modern Times Group (Sweden)

Stations: Entertainment channel CTC, family channel Domashny, male-oriented Perets.

CTC Media is 39 percent owned by Swedish media holding company Modern Times Group. It is also registered in the United States and trades its shares on New York's NASDAQ exchange.

A source close to the company told Vedomosti that if the foreign media law passes, the company would have to stop trading its shares publicly, since it would be unable to ensure that no more than 20 percent was held by foreigners.

CTC was Russia's largest independent media holding with revenues of $832 million in 2013.

The holding was founded by an American, Peter Gerwe, in 1989. The network eventually grew to span nine cities with 350 affiliates.

Gerwe was able to build his media empire while fending off a hostile taker attempt from Vladimir Gusinsky, the former owner of NTV before the company was seized by the Russian government.

Cyprus-based Telcrest owns a 25 percent share of CTC, according to Interfax. Telcrest is owned by Yury Kovalchuk — a Russian financier who is reported to be a close Putin ally. He was one of the Russian officials sanctioned by the U.S. for Russia's annexation of Crimea in late March.

Walt Disney (U.S.)

Stations: Disney Channel

The U.S. children's entertainment company owns a 49 percent share in the Disney Channel in Russia. The other 51 percent is owned by broadcaster UTH Russia, in which billionaire Alisher Usmanov's USM is a major shareholder.

The Disney Channel launched in Russia in 2011 after Walt Disney Company bought the Semyorka children's station. President Putin himself blessed the deal in a meeting with Disney CEO Robert Iger.

Thematic Channels — Discovery Communications (U.S.), Modern Times Group (Sweden), Viacom (U.S.), Sony Entertainment Television (U.S.)

Several foreign companies operate so-called "thematic channels" on Russian television, according to news agency RBC. Discovery Communications owns the Discovery Channel, Animal Planet, Eurosport and a few others; Modern Times Group, beyond its CTC holdings, has TV 100, TV 1000 Russian Film and Viasat History; Viacom runs Nickelodeon, Paramount Comedy, MTV; Sony Entertainment Television owns Sony Turbo and Sony Sci-Fi.

Radio

EM-Holding (U.S.)

Stations: Ekho Mosvky

Ekho Mosvky is 66 percent owned by Gazprom Media, an offshoot of state gas giant Gazprom. But the other 33 percent is owned by american shareholders involved through EM-Holding, a company registered in the U.S.

Ekho Moskvy's editor-in-chief, Alexei Venediktov, told the TASS news agency on Thursday that he did not expect the foreign media law, if passed, to change the editorial policies of the station — which is known for being relatively liberal — since the policy is determined by the

editors.

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